Start of Transcript

Operator: Thank you for standing by and welcome to the Aristocrat Half Year 2022 Results Announcement. All participants are in a listen-only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

I would now like to hand the conference over to Mr Trevor Croker, Chief Executive Officer and Managing Director. Please go ahead.

Trevor Croker: Good morning and welcome to Aristocrat's financial results presentation for the half year to 31 March 2022. My name is Trevor Croker, Chief Executive Officer and Managing Director of Aristocrat. It's a pleasure to present Aristocrat's Half Year Results today.

With me on the line is Sally Denby, our Deputy Chief Financial Officer, Hector Fernandez, CEO of Aristocrat Gaming, Mike Lang, CEO of Pixel United and Mitchell Bowen, CEO Real Money Gaming and Chief Transformation Officer. Thank you to everyone for joining us. Turning to our agenda on slide 2.

Please note that the full details of the half-year results are contained in the Review of Operations document released this morning. Today we will step through the presentation deck beginning with an overview of progress against our growth strategy which will include an update on our response to the situation in Ukraine and our plans to scale in online Real Money Gaming or RMG. We will then move to our Group financial results for the first half where we will also address Aristocrat's on-market share buy-back program of up to $500 million which we announced today.

We will subsequently step through highlights of our operational performance and full year outlook and finally, opening the line to your questions. Before we begin, please note the usual disclaimer statement available at the back of today's presentation deck. References to prior corresponding period or PCP relate to the six months to 31 March 2021.

Turning now to slide 4.

I'd like to begin by recapping Aristocrat's established growth strategy which we continued to execute over the reporting period. In a nutshell, we aim to deliver high-quality, profitable growth by continuously improving the competitiveness of our product portfolios, to take share and diversify our business. To do this, we invest in great people, game content, technology and capability, building on the foundations of culture, governance and exceptional financial strength. We are also prepared to invest aggressively - both organically and inorganically - to accelerate our progress. The diagram describes our strategy flywheel and the key features of our approach. Today's results demonstrate it remains highly relevant and effective.

Turning to slide 5.

Over the six months to 31 March 2022, we continued to execute our strategy. We delivered further profitable organic growth with above industry performance in key segments and genres driving additional expansion in share. The business has also continued to grow in scale, diversification and resilience. We took further significant steps forward in leadership and capability, while continuing to execute against our ambitious ESG commitments.

Strong cash flow generation and balance sheet strength was also evident over the half with a $1.3 billion equity raise in October contributing to a total of approximately $3.3 billion in liquidity as at 31 March.

Turning now to slide 6; addressing our response to the situation in Ukraine during the period.

I have previously spoken about how our strategy helped us make the right choices in response to COVID disruptions over the past two years, particularly with respect to our global Gaming business. We doubled down on strategic strengths, maintaining investment and focus on the long-term. Our response to the terrible situation in Ukraine, which began in the latter part of the reporting period, provides another example of our approach to managing volatility and macro circumstances that are beyond our control. First and foremost, we've acted in line with our values and done the right thing by our people. We have made every effort to enhance the safety and wellbeing of our Ukraine team and their families and we will continue to do so.

Pixel United has worked methodically to address areas of strategic risk and opportunity in a fast and focused way, protecting our people and the business. The choices we made have effectively accelerated the implementation of Pixel United's growth strategy and further grown its scale and resilience. Today, over three-quarters of our approximately 1000 Ukraine staff are set up in safer locations in Ukraine or abroad - a meaningful increase on the two-thirds we reported in March.

Several new office locations have been established in global game talent hubs to support further growth and to accommodate people relocated from Ukraine. Through the incredible efforts of our people, our Ukraine operations are currently delivering around 70% of pre-conflict output, with further improvement expected over time. We regard this as an achievement that shows the quality of our people and culture and the effectiveness of our business continuity arrangements.

The work done to leverage additional capacity across Pixel United teams and locations has been exceptionally effective. It has ensured minimal disruption across the portfolio from a content, Live Ops and features perspective, with no material earnings impact on the Pixel United business.

In the context of the imposition of sanctions and the non-viability of continued operations in the country, we suspended our mobile games in Russia and are exiting third party relationships in Russia and Belarus. We are working quickly to find the right approach for our Russia studio team, ensuring our people and business are protected.

While we are unable to comment further at this time, we are confident we will achieve the right outcome in the near term that will secure the future for the *Vikings* game and also ensure a successful worldwide launch of *Magic Wars* in fiscal '23.

This is obviously a complex and dynamic situation but by focusing on what we can control and investing in our strategic drivers, we are confident that we will emerge a stronger and even more resilient business going forward. I could not be more proud of our people and the extraordinary efforts they have brought to bear over the last few months, and I want to take this opportunity to thank them publicly.

I'd now like to turn to slide 7 and address our strategy to scale in the Online RMG segment which has been a significant focus over the reporting period. To recap, the global online RMG segment is comprised of i-Gaming, online sports betting and i-Lotteries. Online RMG represents an estimated Total Addressable Market of US$70 billion globally and is predicted to grow in line with broader consumer and technology trends, together with the regulation of additional jurisdictions.

Scaling in online RMG is a logical growth and diversification opportunity that is highly complementary both to Aristocrat's Gaming and Free-to-Play mobile businesses. It provides another channel for the distribution of our world-leading content. It leverages our strengths, including our proven ability to attack attractive adjacencies through strong investment and effective operational execution.

We've said that our first focus will be in North America given the scale of the opportunity, together with Aristocrat's deep customer and regulator relationships and the resonance of our premium content in the market. i-Gaming - both tables and slots - is currently legal and operational in six states of the Union, with expectations of significant growth over time.

Over recent months, Aristocrat has accelerated our build and buy strategy to scale online RMG to be a third operational engine of our business, alongside Aristocrat Gaming and Pixel United. The new business has crystallised its objectives and is implementing its plans at full pace.

Our ambition is to ultimately be the leading gaming platform within the global online RMG industry. This mindset guides our approach which is to take a portfolio view, anchored in product strategy, led by premium slots content and strong IP. We are also proceeding on the basis of clear and high-quality commercial execution strategies to deliver feature-rich, frictionless and scalable technology architecture.

Also key is the building of an independent organisational model with an entrepreneurial mentality and nimble operations that attract and engage top talent internally and externally.

In the medium term we are targeting a significant share of the US i-Gaming market as measured by net gaming revenue over the next five years, growing to penetrate at least 70% of regulated jurisdictions across North America. Over time, and as our long term ambition makes clear, we see significant additional opportunities in verticals beyond i-Gaming and beyond North America.

Increasing organic investment in product and technology will be required. This is the build component of our plan. By the end of calendar 2022, Aristocrat will have i-Gaming products with two major customers in two jurisdictions in the US, increasing to three jurisdictions by January 2023. This represents half of the currently regulated i-Gaming jurisdictions in the US.

Customers will be able to offer their patrons the opportunity to play Aristocrat slots on their mobile devices via customers' online casino apps. We'll be investing to refine our offer, broaden feature sets and expand our presence in terms of customers and jurisdictions in the period ahead. D&D investment behind the online RMG business will be reflected in the spend over the 2022 fiscal full year, which we expect to be modestly above our historical range of 11% to 12% of revenue.

Simultaneously, we are accelerating assessment of buy options to add key capability and technology where we can achieve this faster and at better scale inorganically, consistent with our disciplined M&A criteria. We have a clear line of sight over our priorities and our options.

From the first half of fiscal 2023, we will also report operational highlights from this business separately in our market disclosures. We are focused and energised on the task ahead and look forward to further adding to the Group's growth momentum and diversification as we accelerate our build and buy strategy.

Before moving to highlights of the financial result for the period, I'd like to say a few words on our sustainability strategy and the progress we've made over the six months to 31 March 2022 on slide 8.

Aristocrat also continued to make progress across its material environmental, social and governance priorities, consistent with our commitment to delivering sustainable, long term performance. Over the period, high levels of employee engagement were maintained globally. The business also built an environmental management system to build data capability to support our adoption of a Group-wide, science-based emission reduction target by the end of 2023 calendar year.

Aristocrat continued to invest in responsible gameplay initiatives with the Australian-first trial of Aristocrat cashless gaming technology, set to begin in New South Wales imminently, in partnership with the government, the regulator and our customer.

Further exploration of new tools and functionality has been undertaken by dedicated teams within our Gaming and Pixel United businesses with more investment in expanding our global RG team. We look forward to releasing further detailed disclosures and information on our progress over the 2022 fiscal full year in November, in line with our normal practice.

Turning to slide 10; over the six months to 31 March 2022, Aristocrat delivered normalised profit after tax and before amortisation of acquired intangibles, or NPATA, of $580 million. This represents an increase of 41% in reported terms and 37% in constant currency, compared to the PCP. Revenue increased 23% to over $2.7 billion.

On a constant currency basis, revenue was 20% higher than the prior corresponding period, driven by outstanding performance in Gaming Operations and Outright Sales supported by robust portfolio performance from Pixel United. This was achieved despite mixed operating conditions and challenges, including the outbreak of hostilities in Ukraine in February 2022 and industry-wide moderation in overall mobile game demand post-COVID and ongoing global supply chain disruptions.

Earnings before interest, tax, depreciation and amortisation, or EBITDA, was over 30% higher than the PCP at approximately $970 million. Operating cash flow of $502 million was 42% higher than the PCP, reflecting strong business performance and underlying cash flow generation capability. The Group's balance sheet also remained extremely strong.

The Directors have authorised a fully franked dividend of $0.26 per share, or $173.7 million in respect to the period ended 31 March 2022. The record date will be 27 May 2022 and the payment date will be 1 July 2022.

I'll now provide further details of our Group result and also address capital management and today's announcement of an on-market share buy-back program.

Slide 11 sets out the composition of Aristocrat's reported NPATA performance of $580 million normalised for significant items and compared to the PCP.

As I mentioned, the result is 41% above profit performance for the six months to 31 March 2021. It is also 37% above the pre-COVID half year 2019 NPATA result, reflecting a strong recovery in the Americas and ANZ Gaming markets and further growth in Pixel United.

In Gaming, the Americas business delivered a $174.7 million increase in post-tax profit, driven by our double digit expansion in Aristocrat's premium Gaming Operations footprint to over 56,000 units, combined with a strong 18% increase in fee per day to US$55.75.

In addition, a 78% increase in Outright Sales revenue reflected increased customer capital availability, increased penetration of our Portrait cabinets as well as our successful expansion into strategic adjacencies in North America.

The ANZ business grew post-tax earnings by $4.4 million supported by the launch of *MarsX* cabinet and high performing game portfolio, despite the impact of extreme weather and mandated venue closures in key markets across the period.

The International Class III business grew post- tax earnings by $28.7 million due to large openings in the Philippines as Asian and European markets continued to emerge slowly post-COVID lockdowns.

Pixel United delivered post-tax earnings growth of $9.5 million driven by strong performance in Social Casino games, including *Lightning Link* and *Cashman Casino* and continued momentum in *RAID: Shadow Legends*.

Costs associated with the proposed Playtech transaction increased interest expense and continued strong investment in strategic capabilities grew Corporate and other costs by $20.8 million post tax.

Investments in talent and technology, including to scale in online RMG, increased over the period and remained at industry leading levels. Finally, foreign exchange positively impacted the result by $18.5 million.

Turning now to slide 12. Operating cash flow increased 42% to $502 million compared to the prior corresponding period, reflecting business performance and underlying cashflow generation capability.

The change in net working capital in the period reflects the reduction in payables and the decision to increase inventory levels in response to COVID-driven supply chain disruptions. Interest and tax expense increased 71%, reflecting the higher tax payments due to improved business performance, timing of tax payments and increased funding costs associated with proposed Playtech transaction.

Capital expenditure of $131 million in the half relates primarily to the investment in hardware to support continued growth in the Americas Gaming Operations installed base, in line with our strategy.

The major financing activities undertaken by Aristocrat in the period included the $683 million repayment of Term Loan B debt and the $1.3 billion equity raising referenced earlier.

Turning now to capital investment priorities, balance sheet and liquidity in more detail on slide 13. Aristocrat continues to focus its capital allocation on driving organic growth and investing in M&A opportunities to accelerate the implementation of its long term growth strategy, in line with our rigorous investment criteria.

Over the reporting period, we committed $313 million in D&D to further strengthen our product portfolios, representing 11% of Group revenue and within our 11% to 12% target range. We also invested US$262 million in UA to drive mobile portfolio performance, representing 28% of Pixel United revenue within our 26% to 29% target range. Finally, we invested $131 million in capex as previously noted.

Notwithstanding this investment, business performance over the period drove continued strong excess cash flow, post dividends and de-leveraging. Following the equity raise in October 2021 Aristocrat's leverage has continued to trend below its historical range. Aristocrat currently has net cash of $524 million representing a net cash to EBITDA leverage ratio of 0.3x.

This provides the opportunity to continue to invest strongly in growth initiatives, including a build and buy strategy to scale online RMG, while also returning cash to shareholders.

We are therefore pleased to announce a new on-market share buyback program that in addition to our existing discretionary dividend policy will be an ongoing component of our established capital allocation framework. The on-market share buyback program of up to $500 million will be conducted on an opportunistic basis subject to our leverage profile and market conditions.

The program will enhance flexibility to our capital management framework and maximise shareholder returns while retaining our capacity to pursue organic and inorganic initiatives consistent with our growth strategy.

We also took the opportunity to successfully refinance our debt facilities, which further diversifies our capital structure and enhances our scope to continue to invest strongly for growth. New debt facilities were supported by existing and new investors with closing and funding expected to occur by the end of this month.

Our debt is competitively priced, with new facilities priced at a weighted average cost of SOFR plus 150 basis points. During the period Aristocrat also maintained its credit ratings.

This completes the overview of the Group results. I'll now step through operational performance for the six months to 31 March 2022 and the outlook for the remainder of this financial year.

Turning first to the operational performance of Aristocrat Gaming business on slide 15. Just a reminder that further segment performance details are provided in the appendix to this presentation. Gaming segment revenue and profit grew over 38% and 60% respectively reflecting continued penetration of high performing games and cabinets, particularly in the Americas and in ANZ.

In local currency Americas profit increased over 55% to more than US$482 million, driven by growth in the Class III premium and Class II Gaming Operations footprint. The business grew share across key segments and significantly expanded margins, reflecting growth in gaming operations of more than 5,500 units to over 56,000 units in total.

The business' decision to retain significant inventory despite COVID disruptions in the prior year also mitigated substantial supply chain cost increases during the period. Over the full year however, we are expecting increased supply chain costs to have some impact on margins, notwithstanding ongoing active management and mitigation of costs where possible.

Aristocrat's Class III premium install base grew 18% to 29,513 units with continued penetration of leading hardware and configurations and high performing game titles. Almost all machines were switched on in customer venues that were open at 31 March 2022 as pandemic restrictions were further eased across North America.

On a combined and unadjusted basis the average Class II and Class III fee per day increased 18% as previously noted. For the six months to 31 March 2022, Aristocrat games averaged 18 of the top performing 25 games in the Premium Leased segment and 10 of the top 25 games in the wide area progressive segment according to industry data - again demonstrating exceptional portfolio strength.

North America outright sales revenue increased 78% with volumes up over 4,700 units compared to the PCP, driven by growth in customer capital commitments and penetration of new hardware along with growth in adjacencies. This comprised expansions in the VLT Canada, VLT Illinois, VLT Oregon and Washington CDS segments.

Aristocrat also entered the Kentucky Historic Horse Racing (HHR) segment in the period and is poised to enter the New York Lottery market in the second half of 2022. The business also launched cashless functionality in the half, with the Oasis Wallet now live in 13 Boyd properties across multiple US states and with more installations planned.

In ANZ, revenue increased by 6.5% to over $222 million in constant currency, compared to the prior corresponding period, while overall profit increased by almost 7% to $90.8 million. Margins increased by 0.2 percentage points to 40.8% due to favourable product mix in the reporting period. Average cabinet selling price also increased, driven by continued penetration of the recently released *MarsX* cabinet across all markets. The business maintained its market leading ship share across the reporting period off the back of continued strength of the product portfolio.

In summary, the global Gaming business delivered another high quality performance in the reporting period driven by exceptional cabinet and game portfolios, customer partnerships and effective commercial execution.

The Gaming business has entered the second half of the fiscal year with excellent momentum and is well placed to extend its market-leading positions in Gaming Operations and sustainable share growth in Outright Sales markets globally.

Now to Pixel United on slide 16 and I note that the figures on this slide are in US dollars. Aristocrat's focus is on maximising long term profitability across our expanding portfolio of world-class evergreen franchises in attractive genres, supported by high quality legacy titles.

Pixel United delivered a successful six months to 31 March 2022, achieving robust top and bottom line growth, continuing to take share and maintaining strong portfolio momentum despite cycling an exceptionally strong PCP.

Seven of the top 100 mobile games in the US over the 12 months to 31 March were Pixel United titles. The business retained its number one position in the social slots and squad RPG genres and its number two position in casual merge.

Bookings grew 5.8% off the back of investments in Live Ops, new features and content, while revenue was up 6.4% and profit increased 3.2% to US$311 million compared to the PCP. Profit performance reflected effective and dynamic UA allocation along with an increased contribution from the proprietary, commission-free platform Plarium Play.

Plarium Play accounted for around 27% of total Plarium revenues over the period, up from around 20% at the 2021 fiscal full year. More generally off-platform revenues are an increasing focus across all genres in our business. Effective cost management supported this result even as the business absorbed costs related to implementing our business continuity plan in connection with the situation in Ukraine.

From an overall industry perspective we have seen exceptional growth from 2019 to 2021 in the order of 20%+. Industry data suggests a return to a sustainable growth trajectory in the mid-single digits during the reporting period and over the medium term. Regardless of market conditions, Pixel United continues to focus on outperformance and growing our share of key genres.

During the period, the business accelerated execution of its longer term growth strategy, including through strong UA investment as previously noted, as well as continued diversification of marketing cross platforms and channels. Investments were also made to further bolster core game development, operational and leadership capabilities and broaden our presence in key talent markets globally.

Building on the acquisitions of Futureplay and Playsoft in the last 12 months, during the period Pixel United finalised the minority investment in the studio Ultracine, based in Montreal, which is a major game talent hub. Ultracine specialises in the development of fashion and design sim games bringing attractive new genre capabilities to the business.

We are consolidating our Social Casino operations previously split across Product Madness and Big Fish under the management of Product Madness. This will ensure maximum momentum and alignment behind our Social Casino growth plans.

The former head of games at Amazon, Larry Plotnick, has been appointed post period end to lead our revitalised Big Fish business, adding to a range of world-class hires as we continue to grow the Pixel United operation.

A drop in DAUs from 6.7 to 5.9 million at 31 March 2022 reflected an ongoing focus on DAU quality. It also reflected our decision to suspend our games in Russia in addition to *EverMerge* stabilising and a relative but anticipated decline in DAU for *Mech Arena: Robot Showdown* following its worldwide launch in August 2021.

The absence of any scheduled worldwide launches in the period also contributed to the lower comp. The focus on DAU quality is reflected in ABPDAU performance which grew 11% or US$0.08 compared to the PCP, demonstrating strengthening player engagement across the portfolio.

Turning briefly to key genres. The Social Casino segment contributed US$483 million in bookings in the period, an increase of 10% on the PCP driven mainly by the continued strong growth of *Lightning Link* and *Cashman Casino*, supported by the ongoing performance of *Heart Of Vegas*, *Big Fish Casino* and *Jackpot Magic Slots*. Performance benefited from effective investments in Live Ops, features and new slot content.

The Role-Playing games (RPG), Strategy and Action segments contributed US$334 million in bookings in the period. This was an increase of 9% on the PCP driven by growth in *RAID: Shadow Legends* as the title moved into profit mode and the contribution of *Mech Arena: Robot Showdown*.

We continue to have great confidence in the potential of this breakout Action game which is due to launch on Plarium Play in the northern summer supported by strong marketing execution. Legacy titles also continued to generate solid revenue and contribute to profitability.

I would also like to make some comments on *RAID* bookings performance in recent months. We are continuing to invest strongly in content, features and Live Ops while moderating UA investment as we move into profit mode for this world-class evergreen title.

As previously noted, the game is cycling over exceptionally strong prior year performance. In addition, our decision to stop accepting payments from Russia and the fact that our industry data is not capturing Plarium Play bookings are also relevant contributors.

The pullback in *RAID* bookings on a year on year comparison correlates broadly with what has been reported on an industry basis, noting that we have grown share in the genre and the game continues to perform very well.

We are therefore very comfortable with our strategy for *RAID* and the strengthening profit performance. We continue to actively manage the title for maximum lifetime value in the context of our whole portfolio strategy.

Moving finally to the Social Casual segment which delivered US$135 million in bookings in the period. This represents a decrease of 12% on the PCP due to the maturing of the portfolio, the stabilisation of *EverMerge* after scaling the game successfully over the last two years, and the focus on effective UA investment.

We are excited by the ongoing progress of the mobile business. Looking ahead, one worldwide marketing launch is planned for the final quarter of fiscal 2022. The game, *Merge Gardens*, is a refreshed Futureplay/Plarium title in the merge genre. The worldwide launch of *Magic Wars* has been rescheduled for fiscal 2023 as we finalise the right outcome for our Russia studio as previously referenced.

The new pipeline Social Casino title has also been rescheduled to fiscal 2023. These changes reflect our commitment to ensuring metrics support strong UA investment and will deliver successful launches for key titles.

In terms of the broader pipeline was have over 10 titles in active development for planned launches over the next few years. Going forward we anticipate continued profitable growth in Pixel United with a strong focus on further growing the product pipeline and accelerating our strategic momentum.

Turning now to outlook for fiscal year 2022 on slide 18. Aristocrat plans for continued growth over the full year to 30 September 2022 assuming no material change in economic and industry conditions, reflecting the following factors:

- Continued market leading positions in Gaming Operations, measured by the number of installed machines and fee per day.

- Sustainable growth in floor share across key Gaming Outright Sales markets globally, including new adjacencies.
- Growth in Pixel United bookings and profitability, with UA spend expected to be at the lower end of the historical range of 26% to 29% of overall Pixel United revenues given rescheduled new game launches.
- Continued D&D investment to drive sustainable long term growth with the investment likely to be modestly above the historic range of 11% to 12% of revenue, and;
- Further investment in core business capability to facilitate ongoing transformation in our scale and velocity and investment to support the RMG strategy.

Non-operating expense assumptions are also set out on the slide, particularly relating to interest expense, amortisation of acquired intangibles and income tax expense.

The Group has entered the second half of the 2022 fiscal year with excellent fundamentals and strong operational momentum. We have deepening resilience, broadening capability and a balance sheet that continues to provide full strategic optionality.

With that I will conclude the formal presentation and hand it back to the moderator to open the line for questions. For the benefit of others on the call, please limit yourself to two questions before re-joining the queue if you wish.

Operator: Thank you. If you wish to ask a question please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request please press star two. If you are on a speakerphone please pick up the handset to ask your question. Your first question comes from Matt Ryan from Barrenjoey. Please go ahead.

Matt Ryan: (Barrenjoey, Analyst) Thank you. I just had a question on the operating leverage that you're getting in North America. I sense from your comments that you're sort of suggesting that a bit of that was from the higher participation balance. But as we can see the outrights grew quite a lot as well. So just curious on what you think drove such a big increase to the margin and how sustainable you think that is going forward.

Trevor Croker: Yes, thanks Matt, appreciate that. I'll make a couple of comments and then Hector Fernandez is here, he can make a couple as well. First of all we took a position early in this period to take a long position on inventory. So we've really focused on making sure that we had the availability and inventory to support our pipeline and supply chain.

I think there's also a mix component to it as well. So a mix between gaming operations and for sale and then also a mix within for sale, the segments as well. So being some markets are a little bit less profitable than others but it's a balance in the mix from that perspective.

Also strong customer relationships and partnerships that have been built from the post-COVID period as well, that have made our relationships the way that we're working together around driving more value as opposed to just on price from a gaming point of view.

I think the other point there is when you've got a portfolio as strong as we have in games, you have cabinet leverage coming through with the new cabinets and new hardware coming through, it has been well received in the marketplace. But Hector, you might just add some extra comments.

Hector Fernandez: Yes, thank you Trevor. Thank you Matt for the question. I mean definitely, to reiterate some of those things that Trevor talked about, it's really that investment in D&D that we continued throughout the COVID period. You would have seen there's an industry report that came out today as well. You see the strong performance of the product continued to be recognised industry-wide.

Obviously we also have continued elevated coin-in levels across the US. You would have seen some public data that GGR continues to be strong despite some of the inflation headwinds we talked about a few months ago.

So overall it's really the quality of the portfolio. It's our ability to place high fee per day product in the marketplace. Quite frankly from a customer point of view as Trevor talked about was the most important element of it, customers are recognising the value that we're delivering to their business overall. Like we talked about a few months ago, far less of a transactional business, much more of a strategic partnership, focused on long term success.

Trevor Croker: So just to round that out Matt, before we close out the question, we do expect to see some increased supply chain costs and logistics impacts in the second half which will put a little bit more pressure on margins in the second half as well.

Matt Ryan: (Barrenjoey, Analyst) Thank you. Maybe a question for Trevor or for Mike, I was just curious on the guidance for Pixel United bookings to see growth. I assume that's over the full year.

So maybe if you can just dig into what you see changing throughout the remainder of the second half relative to what we've seen in March and April and just any big picture themes that you might be seeing given that it doesn't appear that you're going to see much of a benefit from new launches.

Trevor Croker: Yes, I'll make some comments and then Mike can probably dig into some of the relative performance of the sub-genre there, us versus the market. I think first of all we've spoken about the COVID bump that we had anticipated and have seen flow through from 2020 to now. The 12 months to March 2022 is still 37% above the period to 2020. So it's still strong growth on a year on year basis. It's still a relatively large market.

We continue to believe that there's growth in that market. We don't believe that this is a systemic decline for the balance of year. There was some softness in Q2 across the whole marketplace. But we don't believe that's systemic and we think it's going to normalise in that mid-single digits ratio going forward.

At the same time, in both Squad RPG and in Social Slots we took share which tells you that we grew ahead of the category. We still believe that because of the content and the Live Ops and the features that we're going to be able to continue that for the balance of the year. But Mike you might add some more colour.

Mike Lang: Yes, thanks Trevor. First of all I think the core reason why I believe we will continue to grow is our focus on our franchise products and the Live Ops features and content that we're constantly creating within those products to gain share as Trevor mentioned.

You look at the results we had, we grew Social Casino at 10%, the market was going backwards. RPG, Strategy, Action we grew close to 10%; the market went backwards. I think that's gaining share and really creating a differentiated experience for our consumers that is going to continue to monetise the marketplace.

In regards to the broader question around post-COVID, I think it's really interesting, yet, clearly, you look on a comp basis, it's on top of a very successful year last year. However, relative to our competitors, relative to other digital players - for instance, in digital video streaming or other things that got really big bumps in COVID and then saw this huge drop over this past period - we're still growing. It may not be growing at the rate that - the 30%, 40% we saw in the past, but it still growing and I think that shows not only the strength that we have within our diversified portfolio, but the ongoing demand that there will be in this market.

In regards to the pipeline, we still have a game that we are launching this summer, *Merge Gardens*, which we're excited about, coming from our Futureplay acquisition and we think we are very well prepared then after, with the 10-plus games that are in our pipeline, that over time will be able to continue to drive new product like we've done over the last three or four years.

Matt Ryan: (Barrenjoey, Analyst) Thanks.

Trevor Croker: Thanks, Matt.

Operator: Thank you. Your next question comes from Adrian Lemme from Citi, please go ahead.

Adrian Lemme: (Citibank, Analyst) Oh, hi, Trevor. Thanks for taking my question. I just wanted to drill down a little bit on *Mech Arena*. It looks like it's annualising at about $60 million in bookings so far. Just wanted to understand how the revenues have been growing as you've introduced enhancements like the battle pass and pilots features over the last few months and then, do you see another step change in revenue down the track and how do you plan to get there? Thank you.

Trevor Croker: Yeah, thanks, Adrian. I'll hand it over to Mike. I mean this is our first foray into the Action genre, so we've talked about RPG, Action and Strategy. I believe we are quite well positioned in RPG with the number one game and being able to scale a game like *RAID*, but also build off the legacy of *Vikings*. This is our first entry into Action. It's a more complex genre, but frankly, early signs and early downloads have been exciting from my perspective around the potential of this genre. But that means we've got to keep working on it, both bringing in specific components that are required for Action, but also, developing some of the learnings that we've had from other games that have been successful.

But Mike can give you some context of where we are on the journey with *Mech Arena*.

Mike Lang: So one thing just generally in the Action segment to keep in mind is that the most successful games are the ones that came from the console and had established brands. We're starting out of the gate with no brand whatsoever as we're trying to build that, again, in a genre that we've not operated in which is much different in some ways not only from a product standpoint but a marketing standpoint. It's a much broader audience.

So as a result, I think we are very, very pleased with the results we've had to date. As we look going forward, here are the things that are going to be the potential. The number one is the launch on Plarium Play which we think again will provide us more robust experience for the consumer. Number two, we think there's an advertising opportunity in *Mech Arena* that we're, for the first time within Plarium, leveraging kind of across of the portfolio the expertise we have in our advertising into the Plarium organisation. Three, we've got some innovative marketing campaigns that are going to hit most likely in the Fall.

There's more to come on that we think are a way that - a more unique way to probably scale that game. But again, I do want to set expectations. We all said that the comp here as a first entry into Action, we'd be very pleased to have a game over $100 million in revenue and we're still on target on an annualised basis and that's still our goal as we look at this game going forward.

Adrian Lemme: (Citibank, Analyst) Thanks very much, that's very helpful. If I could ask a second question, please? Just trying to understand the profile for International Class III leading into the pandemic, the earnings trajectory was sort of down in the sort of few years leading into that and it's having a good recovery at the moment. But, just wanted to understand how you see this recovery playing out? Is FY19 profitability a reasonable target for it to get to or has something else changed in the business, please?

Trevor Croker: Yeah, I think I'll hand to Hector, but I think the opening comment there, Adrian, is that these are a number of global markets that are reopening at different paces post-COVID and having different opening both times and regulations that come around from it. But Hector will give you some context as to how it looks for the half, but also some supports on what it looks like going forward.

Hector Fernandez: Yeah, thank you, Trevor. Thank you, Adrian. Really when you look at the international market like Trevor talked about, you almost have to look at country by country, region by region. So if you start off in obviously Europe in the EMEA business, it was open - close - open - close as different kind of variants of COVID swept through the area and so we've been very pleased what we have seen as more of the countries have opened up. The vast majority of our product is on now in the EMEA region and we're starting to see very positive signs of that recovery happening.

If you look at Asia specifically, Macau still remains relatively closed. It's a very evolving situation. It's very fluid as all of us have read in the news. Therefore, we continue to watch that market. If you look at other parts of Asia, that has vastly reopened at a faster rate than Macau and as new openings and expansions have happened, we have seized on that opportunity to place our product there. So we remain bullish on the international markets relative to the overall opportunity, but it is a bit bumpier than the US that has remained - once it opened back up - remained largely open.

Trevor Croker: But I think, Adrian, the key point in the half that drove the large step-up was the new openings in the Philippines; the two large new openings in the Philippines.

Adrian Lemme: (Citibank, Analyst) Yeah, understood. Thanks very much.

Trevor Croker: Thanks, Adrian.

Operator: Thank you. Your next question comes from Desmond Tsao from Goldman Sachs. Please go ahead.

Desmond Tsao: (Goldman Sachs, Analyst) Oh, hi, Trevor. My first question is just on the land-based side of the business, again sort of maybe sticking with outright sales which was obviously a really strong performance in the half. I'm keen to just get your thoughts around the split, in particular, that contribution in the half from some of the new adjacencies that you entered. I'm sort of trying to tie that back into a comment that you made around mix shift across outright sales and perhaps maybe the opportunity heading into the second half as well from some of these new adjacencies that you guys are about to enter into.

Trevor Croker: I'll give you some context for the half and then Hector can talk to the forward position. About 25% of the for sale numbers for the half were in adjacencies, so the key adjacencies that were successful during that period of time were Illinois, continuing to build out Illinois, and Washington CDS. A couple have continued to improve our performance in the area some of the Ovation product as well. For the second half, Hector might talk to the new adjacencies that we're talking about entering being HHR and New York Lotteries.

Hector Fernandez: Yes, thank you Trevor and Des, just to reiterate Trevor's point, we are starting to see traction in these new adjacencies. We have been talking about the need to continue to expand the total addressable market and where we play and we believe given our content portfolio and the performance in other segments that we could be successful there. So, the VLTs have really come up strong for us, particularly the Illinois market where we have taken some significant share there.

If you look at the second half, like Trevor talked about, there's two really exciting market opportunities for us. One, Historical Horse Racing, or HHR. That's roughly just shy of a 20,000 unit TAM which we launched in the first half and early days success around that market. Then the second piece is New York Lottery which we actually won one of the designations there. It is a market we have never participated in, primarily dominated by two of the incumbent competitors, and that market is roughly about 15,000 to 16,000 units and our plan is to enter that market in the second half.

Desmond Tsao: (Goldman Sachs, Analyst) Okay, got it. Thanks for that and the second question is maybe just around Pixel United business in particular, *EverMerge*. Just some of the recent data suggests performance has been softening. Obviously, there was clearly impacts on the IDFA changes, but yeah, just keen to get your thoughts around how you're thinking about *EverMerge*, particularly in light of I guess the lower UA spend guidance for the full year as well.

Mike Lang: Yes, thank you. On *EverMerge*, you may remember in previous conversations we talked about it's really the one game from a scaling standpoint that we have seen an impact in IDFA in the Casual segment, driven a lot by the ineffectiveness of Facebook as a market platform which we were highly reliant on. The team has been investigating other kinds of ways to scale it but it has been in the market for two years and we also, from a life cycle standpoint, believe that it's important that we start focusing on profit and having profitable growth in those games.

The game now is now recently going into cumulative profits and we believe that the game over time will significantly have a long life of which we will be able then to drive long term profits out of that game. So, I think we don't see a situation which *EverMerge* is going to scale significantly more than it is, but we don't see it dropping back. We think we have a really good stable core player base that we'll be able to drive profits in for a long period of time, Des.

Desmond Tsao: (Goldman Sachs, Analyst) Got it, thanks guys.

Trevor Croker: Great, thanks Desmond.

Operator: Thank you. Your next question comes from James Fuller from Evans & Partners. Please go ahead.

James Fuller: (Evans & Partners, Analyst) Morning all. You mentioned supply chain disruptions impacting costs and logistics. I just want to see, I mean do you anticipate this to impact your ability to fulfill orders?

Trevor Croker: We have currently got, like I said, we went long on it during the period. There are continuing logistics challenges which are emerging across global supply chains generally. We are still being able to meet new openings and meet the order profiles that we are working with our customers, but it's a live dialogue James and we just have to stay close to them because the pipeline remains very strong, it's already strong for this half and we're just going to have to manage it proactively with them.

James Fuller: (Evans & Partners, Analyst) Thank you and then secondly on iGaming, reading your ambitions and medium-term targets, is it correct to say that the US will be the focus for the first five years before you consider pursuing the global opportunity?

Trevor Croker: Oh, James, I think you have read it right. I wouldn't necessarily lock us into five years. We can see that there's opportunity to be part of the opening up in the US gaming market. As we said, three out of the six markets, by early calendar 2023 and as that legalises being able to open up in those markets. It wouldn't preclude us from going into Europe and other markets and I wouldn't necessarily quarantine it to five years, but we will be able to build the capability and technology and then scale it in North America and take it to other markets.

James Fuller: (Evans & Partners, Analyst) Okay, thank you.

Trevor Croker: Thanks James.

Operator: Thank you. Your next question comes from Rohan Sundram from MST Financial. Please go ahead.

Rohan Sundram: (MST Financial, Analyst) Hi Trevor and team, just the one from me. In land-based how would you rate your forward visibility at the moment and in terms of the conversations you are having with your customers, how would that compare to say six months ago and how are they thinking about the consumer outlook and maybe your thoughts as well? Thanks.

Trevor Croker: Yes, thanks Rohan. I think first of all reading the sentiment coming out of the US customers, they still seem to be confident going into this quarter. If you read the sentiment coming from the US customer base, that continued to be strong and being in the US I would say that's consistent from my perspective and observations at this point in time. Hector can talk to you about visibility and pipeline.

Hector Fernandez: Yes, Rohan, thank you for your question. We actually have a lot better visibility now than we did call it six or 12 months ago. We talked a little bit about capital allocation and some customers were getting capital allocation one month or one quarter at a time. We're seeing the market recovery and customers getting capital allocation a year at a time now, which is good news for us and as we previously talked about, this partnership and having more long-term deals in place, we have a lot better visibility now than we have ever had before.

Rohan Sundram: (MST Financial, Analyst) Great, thanks Trevor and Hector. Thank you.

Trevor Croker: Thanks Rohan, thank you.

Operator: Thank you. Your next question comes from Alexander Mees from Morgans. Please go ahead.

Alexander Mees: (Morgans, Analyst) Good morning gentlemen and congratulations on a great result. Two questions, please - the first one just with regard to land-based scaling. If the average selling price has been reasonably flat in North America year on year despite very strong growth in volumes, is that an issue with mix or were there other factors at play?

Trevor Croker: It's predominantly around mix, so introduction of new cabinets and also going into new markets and adjacencies which may have a lower ASP, so it's a bit of both.

Alexander Mees: (Morgans, Analyst) Great, that's clear. Then just secondly, the buyback you announced will take you to roughly a neutral net debt position. I'm just wondering, given the current economic circumstances, what you see as the optimal gearing ratio for the business right now?

Trevor Croker: We don't disclose the gearing ratio but we have been a conservative business to maintain optionality. I think where we see it as a consequence of the buyback it really is neutralising the incremental cash of the business that’s generating on an ongoing basis. It allows us to continue to invest aggressively in our organic business to continue to drive growth and keeps our options open for inorganic growth going forward.

We don't disclose anything specifically but I do think when you look at some of the multiples in the markets in which we're participating that are coming off and softening, having the strength of the Aristocrat balance sheet and the commitment to invest longer term around talent and people and technology is a strong position for us to be in.

Alexander Mees: (Morgans, Analyst) That's well made, thanks very much.

Trevor Croker: Thanks Alex.

Operator: Thank you. Your next question comes from Larry Gandler from Credit Suisse. Please go ahead.

Larry Gandler: (Credit Suisse, Analyst) Hi guys and commendations on your efforts in Ukraine there. Doing some great work. My question relates to the previous question around liquidity. Trevor, $3.3 billion of liquidity is a lot of money and as you say the buyback is going to neutralise the cashflow. Let me just think out loud here. Prior to your bid for Playtech, investors were not entirely surprised that the direction of the acquisition would be Real Money Gaming, that was the obvious strategy.

Now if your build and make, sorry, build and buy strategy in Real Money Gaming, I can't see how that is going to require $3.3 billion. I guess what falls out of that is the question, do you guys have a strategic interest for acquisition growth in maybe land-based or mobile gaming? Not bolt-ons, but actually maybe doing large deals in those arenas.

Trevor Croker: Yes, thanks Larry. I appreciate the question. I won't get into the size or anything else but our priorities at the moment are to buy, scale and enter the RMG business and that remains pretty clear. We have been transparent about it with the Playtech deal and it leaves us in a good position for that. What other genres or other sectors of the business we continue to pursue after that? We have continued - we have spoken about tuck in and investment in the digital business to keep building our talent and pipeline. I won't preclude us from anything to be honest with you.

We have the capacity and as I said earlier with the multiples coming off from some of the markets in which we operate, we preserve that optionality. We have put the buy-back in place to signal to our shareholders that we can still drive growth for them and return them through growth and dividends; at the same time giving returns to shareholders, the return of cash to shareholders, so they get the best of both worlds, a growth company that is giving cash back to shareholders and still being confident about our growth going forward.

Larry Gandler: (Credit Suisse, Analyst) Can I just follow up with that? Is there any particular major area, say mobile gaming, like the merge category or any other particular category that you can identify a large player that you'd be prepared to acquire? Or is it really just bolt-ons for games and studios?

Trevor Croker: Oh, Larry, I don't want to play forward our strategy too much. All I would say to you is that we are active and we know what we want, we know what we are looking for and we have, like we have done with our DNA with our land-based businesses where we look at an adjacency, we look at something that's got an attractive market place where we believe we can be successful and we have got some skills and capabilities to enter it and then we look to buy, to accelerate that entry into that segment.

So, I won't go into specific targets but we are comfortable with the options that we have, but we are also going to apply, like we have done with every M&A, the rigorous discipline that we have around the way we do our M&A at Aristocrat to make sure it's in the right interest in the medium to long-term and it also supports shareholder's objectives as well.

Larry Gandler: (Credit Suisse, Analyst) Okay, understood. The other one I wanted to ask was Real Money Gaming. Just to be clear, it sounds like your initiative is you will be supplying your own remote game server to an operator and if that's the case, we can expect for this initiative perhaps the standard margins that fall out of that or maybe as an initial product launch the margins might be less. Maybe if you could just comment to that.

Trevor Croker: I will hand over to Mitchell Bowen, Larry, if that's okay, but I would suggest that the content as we see in our land-based business, our content does monetise well, but I'll hand over to Mitchell just to make a couple of comments.

Mitchell Bowen: Thanks Trevor. Thanks Larry. Look, I think you are right Larry. Originally there will be increasing organic investment in product and technology that will be required in the build component. So, as we launch initially with a remote game server with two jurisdictions by the end of this calendar year, as we start to grow and scale, margins will increase.

Trevor Croker: Thanks Larry.

Operator: Thank you. Your next question comes from David Fabris from Macquarie. Please go ahead.

David Fabris: (Macquarie, Analyst) Hi Trevor. Just thinking about D&D, I mean the guidance that you have given implies it's going to be a step ahead of that 12% average run rate in the second half. When we're looking into FY23, I mean should we be assuming that it sticks above that 12% level? I guess it would be nice to understand the level of investment that’s going into that i-Gaming business and whether you can get back into that 11% to 12% range in the next few years?

Trevor Croker: David, we believe investing 11% to 12% on an annualised basis into D&D is a competitive advantage. It’s above most industry benchmarks and competitors. The fact that we go slightly ahead of it this year, modestly ahead of it, is a consequence of investing for both in our organic businesses and also supporting the build aspects of the RMG business.

So you can assume that the 11% to 12% is a fair forward investment which has been consistent, which is what's driven the growth at Aristocrat for a number of years now and we can continue to see that as a competitive advantage.

David Fabris: (Macquarie, Analyst) Yes, I guess but is there a change in profile given the fact you've now got i-Gaming in there as well? Or does it still hold at 11% to 12%, I guess is the question?

Trevor Croker: We believe it's going to be in 11% to 12% range. Probably more towards the high end of that range but where we've got ways to deploy organic investment to drive growth in the organic businesses, we will continue to do that as a priority. Whether it's entering a new adjacency in Gaming or whether it's expanding talent pools and capability in digital and building games in the RMG sector.

David Fabris: (Macquarie, Analyst) Okay, that makes sense. Just another question, just thinking about that balance sheet, you know, you could look to get some leverage in there through the buy-back and hopefully we see some ongoing M&A. Can you talk about what you think the optimal level of leverage is for a business like Aristocrat?

Trevor Croker: It's probably best - the shareholder's perspective of what that is. You've seen us go up to about 3.4x when we bought VGT and we were quickly able to bring it back to within that 1.5 to 2.5x range, which seems to be a sort of a range that Australian investors seem to be comfortable with.

This business has got strong cashflow generation fundamentals and we've got the ability to do what needs to be done but I won't get to a specific range as such. But you can look at our history and assume that we're consistent with where our history is.

David Fabris: (Macquarie, Analyst) Got you. That's all from me, thanks, Trevor.

Trevor Croker: Thanks, David.

Operator: Thank you. Your next question comes from Simon Thackray from Jefferies. Please, go ahead.

Simon Thackray: (Jefferies, Analyst) Thanks very much, gentlemen. Just a couple of questions. I'm going to try and tackle one that I think's been approached a couple of different ways. The target of build and buy strategy for Real Money Gaming, what's the way we think about the level of opex and capex over the next 12- to 24-months for the build rather than the buy phase?

To help understand the sort of roll out, what's the expectation for margin? As we move through this - the five-year journey, do the margins approach the land-based or digital-based with - I'm just trying to get a bit of an understanding of investment and investment in margin and where the margins are intended to end up at the end of the journey?

Trevor Croker: Yes, it's not going to be land-based margins because they're a pretty unique margin set and it's going to be - it's not necessarily going to be digital margins. So I'm not going to answer the question specifically because we don't give margin guidance but it's not going to be at the level of the land-based business.

We are investing, as we've already said, to be modestly ahead of the 11% to 12% in D&D and we believe it'll stay within that range although towards the top end going forward. We're also building out the opex and you'd see the guidance we've given there about the continuing to invest in the capability, particularly in our corporate costs and opex side.

So our objective is to share more visibility of this with you at the half next year. So this time next year, we'll be able to show that more context to it. What I would say to you is that we are confident in our ability to invest.

We're also confident in the returns that we will get by investing, whether it's because of our customer relationships, whether it's around the content or the way that we're investing to develop the technology solutions but I really won't give you any more guidance than that, Simon, at this stage.

Simon Thackray: (Jefferies, Analyst) No, that's fine, Trevor, it's still helpful. Just one for Mike, I think. Just following up on the IDFA impact on *EverMerge* and noting the half-on-half decline in bookings for *EverMerge* in Social Casual. How does this impact the thinking around the launch strategy for *Merge Gardens* then, in summer, for the second half?

That's first part and then, Mike, maybe you could just clarify the contribution to the delivered EBITA margins in the half from the 7% lift in Plarium Play revenues onto the Plarium Play platform?

Mike Lang: Okay, so yes, in terms of *Merge Gardens*, I mean we've learned a lot from the experience of *EverMerge* that we're applying. The other thing, too, I want to reiterate is that we've got a world-class publishing organisation at Plarium that has a tremendous track record in scaling games that is bringing that new expertise in regard to that.

In particular, looking at more innovative ways of - within the marketing mix. Like they've done with YouTube, I'd say probably in the future, TikTok and other vehicles like that, you're going to see more and more of that as a vehicle that we think could be very interesting.

But again, there's still a lot to learn in that. I'd also say that game is also much less of a pure casual game. There's a lot of RPG elements to that game that's a little different. That's going to allow us to maybe get more sticky players at the end of the day, we think, because of that.

Your question on Plarium Play, listen, I won't get in specifically in the margin because probably Trevor will kick me under the table but broadly, let me just say this. Is that the fact that we are shifting off platform is a really key strategic area with the Company. Not just within Plarium but across the entire portfolio, we've seen great work by Yoav Ecker and folks at Product Madness in terms of their ability to do that.

We think that's a strategic benefit to us. Not just because it allows us to be commission-free but it gives us even more direct access to data and relationships with customers because they're coming directly to us.

Quite frankly, in some cases like for games like *RAID* and *Mech Arena*, it's even a more robust customer experience. So at the end of the day, we're very pleased with the results we've had and clearly that gives us more and more financial and strategic opportunities.

Simon Thackray: (Jefferies, Analyst) All right, terrific. Thanks, gents.

Trevor Croker: Thanks, Simon.

Operator: Thank you. Your next question comes from Justin Barratt from CLSA. Please, go ahead.

Justin Barratt: (CLSA, Analyst) Hi there, thanks for your time today, guys. My first question was just on the buy-back. I appreciate that the program will be conducted on an opportunistic basis but can you give us any timeframe as to when the buy-back may complete, based on the current situation or current circumstances?

Trevor Croker: Yes, we won't go into that. We've made a commitment that we'll do it. We'll do it diligently and we'll do it with discipline. It'll be a consequence of both the market pricing and various other factors but we won't give any guidance about how long or when it's going to be complete.

Justin Barratt: (CLSA, Analyst) No, no problem. Then the other one, I just wanted to see, can you provide us with any update on the process for appointing a replacement CFO?

Trevor Croker: Yes, sure. We're in deep recruitment at the moment and we've seen a number of candidates. We're continuing to progress and we feel confident about being able to attract and engage a great CFO in the business at the right point in time. When we do that, we'll definitely let the market know.

Justin Barratt: (CLSA, Analyst) Fantastic. Thank you.

Operator: Thank you. Your final question comes from Ben Brownette from Jarden. Please, go ahead.

Ben Brownette: (Jarden, Analyst) Hi, just wondering, Mike, if you could - I know that you didn't want to mention what you're going to be doing in Russia but I'm just wondering from a gameplay perspective, what happens if you can't make a decision on that soon and the people that are in the Ukraine that are working at 70% of the pre-conflict output, when does that potentially start impacting your plans?

Mike Lang: Well in regard to Russia, as we've said - Trevor mentioned, we're really trying to finalise the right strategic solution for our Russia studio team and we feel we have a path now to secure the *Vikings* title and launch *Magic Wars* next year while really upholding all the legal and people obligations that are at the core of that.

As you can appreciate, it's a very complex legal and political and with people's lives involved in a lot of this so we really can't go into details at this point but I promise you that as soon as we do have more information, we will do on that but as of today, we feel we're on the right path to secure it.

In regard to the Ukraine, I do want to say one quick thing is that - yes, 70% isn't 100% but it is an amazing accomplishment of the people there. I mean, again, the third anniversary being released only two weeks later than expected, it shows the testament of the kinds of people and their commitment to the Company. It shows tremendous leadership by our team at Plarium as well as Product Madness and so it is an incredible accomplishment.

Long-term, though, we have as part of our business continuity plan, three things that we're doing. Number one is, we're opening up studios in Poland, which we'll announce more. The reason Poland is it's a location that's close to Ukraine. That's where the people want to be.

Number two, because the western part of the country is generally safer at this point, we're continuing to help those people in the west be able to - the opportunity to work and find the right environment to do so.

Then three, we're continually looking at our other strategic geolocations that we have, of how they can supplement. You know, we've built significant capacity over the last year in Finland, as you know. We've also built a lot of capacity in Barcelona where we have up to 100 people within a three month period.

So I think we've really moved - pivoted very aggressively and still really great strategic locations but that are outside of harm's way, in regard to what's happening within the Ukraine.

Ben Brownette: (Jarden, Analyst) Understood.

Trevor Croker: Thanks, Ben.

Operator: Thank you. There are no further questions at this time, I'll now hand back to Mr Croker for closing remarks.

Trevor Croker: Yes, thank you. Look, just being conscious of time, I'd now like to call the formal proceedings to a close. On behalf of the broader Aristocrat team, we thank you for your ongoing interest in the Company and wish you all a good day. For further follow up, please engage with Linda and the IR team. All the best and thank you for your time.

Operator: Thank you. That does conclude our conference for today. Thank you for participating, you may now disconnect.

End of Transcript